Oxford House Alumni Association
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Tel: 202-364-2870

September 28, 1990

Mr. Robert Trachtenberg
Deputy Administrator
Alcohol, Drug Abuse,
and Mental Health Administration
5600 Fishers Lane
Rockville, Maryland 20857

RE: Oxford House, Inc. Proposal Submitted by Paul Molloy in Response to RFP OTI-90-0002

Dear Mr. Trachtenberg,

Members of the Oxford House Alumni Association continue to be astonished that the NIAAA still thinks of Paul Molloy's response to RFP OTI-90-0002 as a legitimate proposal.

Setting aside for a minute the facts that Mr. Molloy in the proposal claimed to be chief executive officer of Oxford House, Inc. when in fact he had appointed himself; and setting aside the fact that the Oxford House board of directors had never seen the proposal when it was submitted; and setting aside the fact that the very idea of anybody connected with Oxford House responding to a proposal to open methadone houses is a deeply divisive and corrupting issue that may tear Oxford House apart; and setting aside the fact that at the only open forum where the issue was addressed, a meeting of Oxford House house presidents, there was a 24-1 vote to withdraw the proposal; then let me address again the legitimacy of the proposal as submitted on July 13, 1990.

I have been informed that the proposal can be considered legitimate because Mr. Molloy had Charles van der Burgh sign the cover letter as chief financial officer and this somehow committed Oxford House to the proposal. This supposedly meant that at some future time when the board of directors actually heard about the proposal, they could bless it and it would become legitimate.

What you should know is that Mr. van der Burgh had never been elected by the board of directors either. This requires some explanation.

The Oxford House bylaws of 1987, in addition to a board of directors, provides for two committees.

The first is a Founder's Committee, composed of Paul Molloy, Whit Holden and myself. This committee was authorized to undertake promotional activity to further Oxford House expansion and to establish independent accounts for that purpose.

The second is a Fund Committee made up of members of the Founder's Committee, the president of Oxford House, Inc. and another member annually selected by the board. The committee was set up to receive and disburse outside funds through a revolving fund for Oxford House expansion.

Shortly after enactment of these bylaws, Mr. van der Burgh was chosen finance officer by the Founder's Committee. He was not elected by the board of directors.

At that time the power in the corporation was rested with an interim board of directors consisting of the members of the Founder's Committee, one member we were to select, and three members elected by the residents of Oxford House. Mr. Molloy resisted constituting the board and it was never actually formed until October 1989, at my insistence, shortly before it was replaced by a

permanent board of directors.

Once the Founder's Committee chose Mr. van der Burgh, Molloy's old Capitol Hill colleague, as finance officer, the committee ceased to play an active role in Oxford House and has not met for about a year and one-half.

The Fund Committee didn't suit Mr. Molloy's purposes and was never constituted and has never held a meeting.

The sum up, the seven-member board of directors that was to govern Oxford House never voted to elect Mr. van der Burgh finance officer. At the time, the other four members of the seven-member board had not even been selected. Nowhere can Mr. Molloy or anybody else produce minutes or any other document showing that Mr. van der Burgh was elected by the board of directors of Oxford House, Inc. unless it has happened in the last month.

I don't know how he could have called himself chief financial officer of Oxford House, Inc. on July 13, 1990, when he had been selected by a committee, not the board of directors, unless the committee had been authorized to elect corporate officers on behalf of the board of directors, which it had not.

What happened on July 13, 1990, was an effort by a finance officer, never elected by the board of directors, to commit a corporation to a proposal on behalf of a self-appointed chief executive officer and a board of directors that was totally unaware of the existence of the proposal. It boggles the mind.

As usual, if there are any questions about the accuracy of this letter, feel free to call me at home at 933-6251.

Sincerely,

John V. O'Neill

cc: Rep. Edward R. Madigan
Rep. John Dingell
Jay Lewis, Alcoholism Report
Ed Kostolansky, NIAAA
Beny Primm, MD, NIAAA